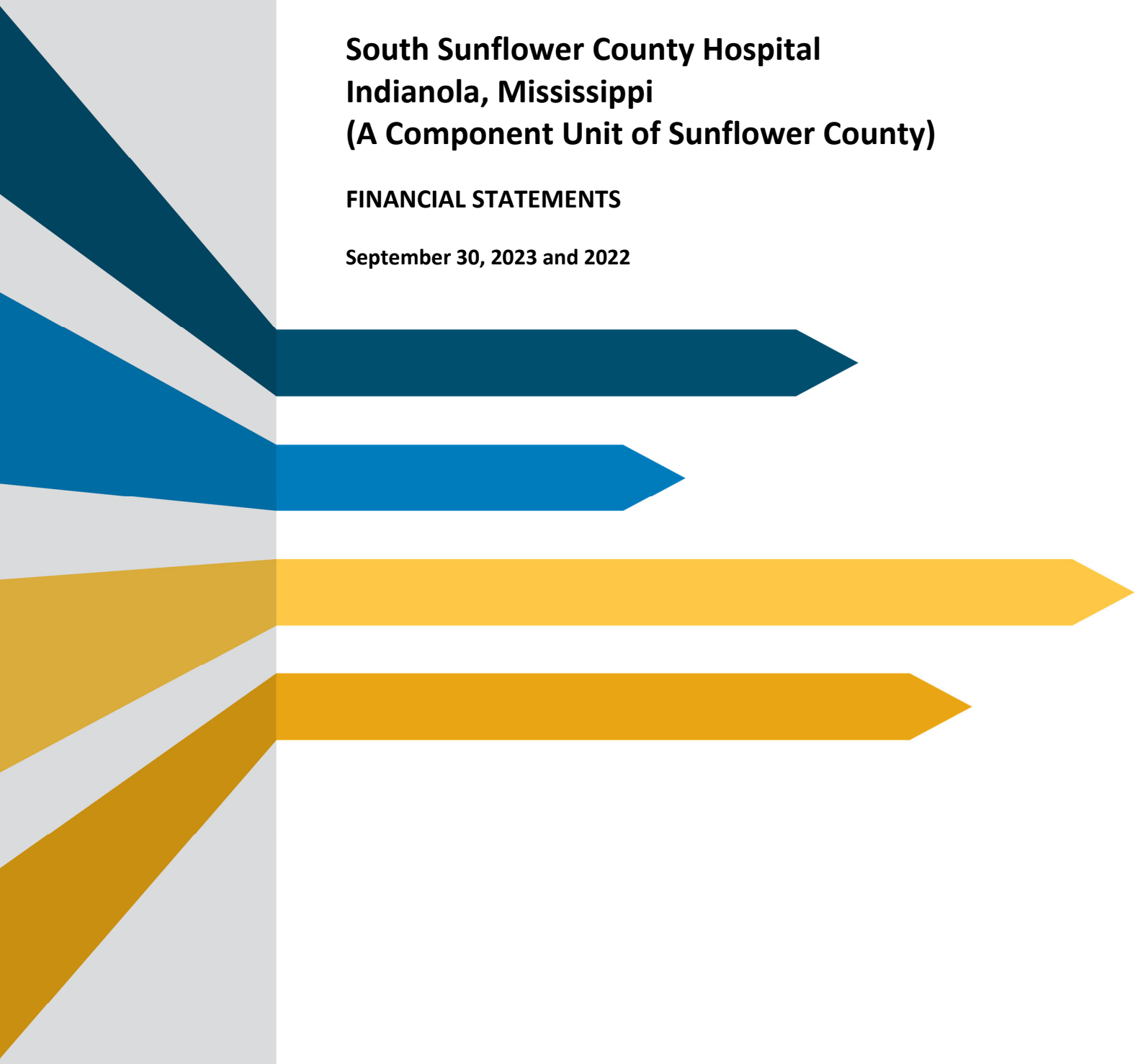
South Sunflower County Hospital
Indianola, Mississippi
(A Component Unit of Sunflower County)

FINANCIAL STATEMENTS

September 30, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
South Sunflower County Hospital
Indianola, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of South Sunflower County Hospital (the Hospital) as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of September 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of net pension liability, and the schedules of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The schedule of surety bonds for officers and employees and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S*. Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, and Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of surety bonds for officers and employees and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Metairie, Louisiana
April 15, 2024

This section of South Sunflower County Hospital's (the Hospital) annual financial report presents background information and our analysis of the Hospital's financial performance during the fiscal years that ended on September 30, 2023 and 2022. Please read it in conjunction with the financial statements in this report. The amounts contained within this section are rounded to the nearest thousand.

2023

FINANCIAL HIGHLIGHTS

Fiscal Year Ended September 30, 2023

The Hospital's total net position decreased by $752,683 or approximately 7 percent, from the prior year. This decrease results from the decrease of CARES Act funding.

At the end of the 2023 fiscal year, the assets and deferred outflows of the Hospital exceeded liabilities and deferred inflows by $9,894,367. Of this amount, $2,447,359 represents an unrestricted deficit net position, $9,425,622 is invested in capital assets and $2,916,104 is designated for use in the Hospital's self-insurance programs. The Hospital established a self-insurance fund in accordance with the requirements of the Mississippi Tort Claims Board.

Net patient service revenue increased by $1,089,249, or 4.4 percent, from the prior year. This is due to an increase in outpatient utilization. During this same period, operating expenses increased by $2,464,404 or 9.2 percent from the prior year. This increase is due to an increase in professional fees and employee benefits. These variances will be further discussed in the Operating and Financial Performance section of this analysis.

Fiscal Year Ended September 30, 2022

The Hospital's total net position increased by $609,761 or approximately 6 percent, from the prior year. This increase results from the recognition of CARES Act funding.

At the end of the 2022 fiscal year, the assets and deferred outflows of the Hospital exceeded liabilities and deferred inflows by $10,647,050. Of this amount, $2,141,759 represents an unrestricted deficit net position, $9,908,210 is invested in capital assets and $2,880,599 is designated for use in the Hospital's self-insurance programs. The Hospital established a self-insurance fund in accordance with the requirements of the Mississippi Tort Claims Board.

Net patient service revenue decreased by $2,978,054, or 10.6 percent, from the prior year. This is due to a decrease in inpatient utilization. During this same period, operating expenses decreased by $1,764,006 or 6.2 percent from the prior year. This decrease is due to a decrease in professional fees and supplies and maintenance. These variances will be further discussed in the Operating and Financial Performance section of this analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four components - the Management's Discussion and Analysis of Financial Condition and Operating Results (this section), the Independent Auditor's Report, the Financial Statements and Supplementary Information.

The financial statements of the Hospital report the financial position of the Hospital and the results of its operations and its cash flows. The financial statements are prepared on the accrual basis of accounting. These statements offer short-term and long-term financial information about the Hospital's activities.

The statements of net position include all of the Hospital's assets, deferred outflows, liabilities and deferred inflows and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Hospital's creditors (liabilities) for both the current year and the prior year. It also provide the basis for evaluating the capital structure of the Hospital, and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenues and expenses are accounted for in the statements of revenues, expenses and changes in net position. These statements measure the performance of the Hospital's operations over the past year and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources.

The primary purpose of the statements of cash flows is to provide information about the Hospital's cash from operations, investment, and capital and related financial activities. The statements of cash flows outlines where the cash comes from, what the cash is used for and the changes in the cash balance during the reporting period.

The annual report also includes notes to the financial statements that are essential to gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Following the notes to the financial statements is a section containing supplementary information which further explains and supports the information reported in the financial statements.

FINANCIAL ANALYSIS OF THE HOSPITAL

The statements of net position and the statements of revenues, expenses and changes in net position report information about the Hospital's activities. Increases or improvements, as well as decreases or declines in the net position, are one indicator of the financial state of the Hospital. Other non-financial factors that should also be considered include changes in economic conditions, population growth (including uninsured and working poor) and new or changed government legislation.

Net Position

A summary of the Hospital's statements of net position is presented in the following table:

September 30,	**Fiscal Year 2023**	Fiscal Year 2022	Fiscal Year 2021
		(Restated)	*(Restated)*
Current and other assets	**$ 29,818,446**	$ 29,185,367	$ 38,767,207
Capital assets	**10,919,849**	10,301,013	11,168,412
Total assets	**40,738,295**	39,486,380	49,935,619
Deferred outflows of resources	**5,385,083**	3,024,295	2,559,296
Long-term debt outstanding	**1,141,515**	92,867	336,603
Other liabilities	**5,339,641**	5,818,713	17,000,687
Net pension liability	**27,580,429**	24,291,575	19,172,147
Total liabilities	**34,061,585**	30,203,155	36,509,437
Deferred inflows of resources	**2,167,426**	1,660,470	5,948,189
Net invested in capital assets	**9,425,622**	9,908,210	10,338,152
Restricted	**2,916,104**	2,880,599	3,181,550
Unrestricted	**(2,447,359)**	(2,141,759)	(3,482,413)
Total net position	**$ 9,894,367**	$ 10,647,050	$ 10,037,289

Fiscal Year Ended September 30, 2023

Total assets increased by $1,251,915 in 2023. The most significant component of the change in the Hospital's assets for 2023 relates to the increase in other current assets due to increase in payment from Mississippi Hospital Access Program.

Total liabilities increased $3,858,430 in 2023, which is primarily attributable to the increase in lease payable, increase in accrued self-insurance claims, and increase in net pension liability.

Fiscal Year Ended September 30, 2022

Total assets decreased by $10,449,239 in 2022. The most significant component in the change of the Hospital's assets for 2022 relates to the decrease in patient accounts receivable and cash and cash equivalents.

Total liabilities decreased $6,306,282 in 2022, which is primarily attributable to the decrease unearned revenue from CARES Act funding offset by the increase in net pension liability.

Summary of Revenue and Expenses

The following table presents a summary of the Hospital's revenues, expenses and changes in net position for each of the fiscal years ended September 30, 2023, 2022, and 2021:

For The Years Ended September 30,	**Fiscal Year 2023**	Fiscal Year 2022	Fiscal Year 2021
		(Restated)	*(Restated)*
Net patient service revenue	**$ 26,143,016**	$ 25,053,767	$ 28,031,821
Other operating revenue	**1,743,491**	1,566,164	994,340
Total operating revenue	**27,886,507**	26,619,931	29,026,161
Salaries and benefits	**15,142,427**	14,879,895	15,131,152
Depreciation and amortization	**1,253,423**	1,259,831	1,174,583
Professional fees, supplies, and maintenance	**12,724,183**	10,515,903	12,113,900
Total operating expenses	**29,120,033**	26,655,629	28,419,635
Income (loss) from operations	**(1,233,526)**	(35,698)	606,526
Nonoperating revenues (expenses)			
Investment income (loss)	**379,258**	(945,366)	(56,323)
CARES Act funding	**138,060**	1,614,810	2,304,655
Gain on extinguishment of PPP loan	**-**	-	2,144,200
Interest expense	**(36,475)**	(23,985)	(35,879)
Increase (decrease) in net position	**$ (752,683)**	$ 609,761	$ 4,963,179

Operating Revenue

Fiscal Year Ended September 30, 2023

The Hospital derived 93.7 percent of its total operating revenues from net patient service revenues. Such revenues include revenues from the Medicare and Medicaid programs, patients or their third-party carriers who pay for care in the Hospital's facilities.

Fiscal Year Ended September 30, 2022

The Hospital derived 94.1 percent of its total operating revenues from net patient service revenues. Such revenues include revenues from the Medicare and Medicaid programs, patients or their third-party carriers who pay for care in the Hospital's facilities.

The following table represents the Hospital's relative percentage of gross charges billed for patient services by payor for the fiscal years ended September 30, 2023, 2022, and 2021:

For The Years Ended September 30,	**Fiscal Year 2023**	Fiscal Year 2022	Fiscal Year 2021
Medicare	**43%**	41%	44%
Medicaid	**26%**	25%	25%
Commercial	**21%**	24%	21%
Other	**10%**	10%	10%
	100%	100%	100%

Operating and Financial Performance

The following summarizes changes in the Hospital's statements of revenues, expenses and changes in net position for 2023 as compared to 2022:

Fiscal Year Ended September 30, 2023

- Total admissions decreased from previous year, and there was a decrease in total patient days. The Hospital patient days and admissions are 4,148 and 696, respectively. This is a decrease of 6.3 percent and decrease of 7.2 percent, respectively, from 2022.
- Net patient service revenues increased as stated in the financial highlights. Operating expenses increased as a result of an increase in professional fees and employee benefits. Gross patient service revenue increased to $48,262,054 from $46,989,465 in the prior year.
- Salaries and wages and employee benefits expense increased $262,532 or 1.7 percent from the prior year.
- Investment income increased $1,324,624 from prior year due to increases in the market values.

The following summarizes changes in the Hospital's statements of revenues, expenses and changes in net position for 2022 as compared to 2021:

Fiscal Year Ended September 30, 2022

- Total admissions decreased from previous year, and there was a decrease in total patient days. The Hospital patient days and admissions are 4,426 and 750, respectively. This is a decrease of 11.7 percent and decrease of 10.6 percent, respectively, from 2021.
- Net patient service revenues decreased as stated in the financial highlights. Operating expenses decreased as a result of a decrease in professional fees and supplies and maintenance. Gross patient service revenue decreased to $46,989,465 from $48,877,540 in the prior year.
- Salaries and wages and employee benefits expense decreased $251,257 or 1.7 percent from the prior year.
- Investment income decreased $889,043 from prior year due to decreases in the market values.

Capital Assets

The following summarizes the Hospital's investment in capital assets as of September 30, 2023 and 2022:

September 30,	**Fiscal Year 2023**	Fiscal Year 2022	Fiscal Year 2021
		(Restated)	*(Restated)*
Land	**$ 191,036**	$ 191,036	$ 155,336
Land improvements	**582,977**	582,977	575,477
Buildings and improvements	**16,706,619**	16,652,920	16,652,920
Fixed equipment	**280,384**	280,384	280,384
Right of use assets - equipment	**1,834,552**	1,648,705	1,648,705
Right of use assets - SBITA	**114,003**	114,003	109,460
Vehicles	**33,611**	33,611	33,611
Major moveable equipment	**16,742,900**	16,092,211	15,747,522
Total capital assets	**36,486,082**	35,595,847	35,203,415
Less accumulated depreciation	**(25,566,233)**	(25,294,834)	(24,035,003)
Capital assets, net	**$ 10,919,849**	$ 10,301,013	$ 11,168,412

Fiscal Year Ended September 30, 2023

Net capital assets increased approximately $618,836 or 6.0 percent due to the Hospital's purchases exceeding depreciation. Before depreciation, capital assets increased $890,235 due to increase in major moveable equipment.

During 2023, the Hospital implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* (GASB 96) which requires recognition of certain software license costs, which were previously recognized as operating expenses to be recognized as right of use assets – SBITAs, and subscription payables on the statements of net position. More detailed information about the implementation of GASB 96 and capital assets is presented in the notes to the financial statements.

Fiscal Year Ended September 30, 2022

Net capital assets decreased approximately $867,399 or 7.8 percent due to the Hospital's depreciation exceeding purchases. Before depreciation, capital assets increased $392,432 due to increase in major moveable equipment.

During 2022, the Hospital implemented GASB Statement No. 87 *Leases* (GASB 87) which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions in the contract.

Long-Term Lease and Subscription Obligations

The following summarizes the Hospital's long-term lease and subscription obligations as of September 30, 2023 and 2022:

September 30,	**Fiscal Year 2023**	Fiscal Year 2022	Fiscal Year 2021
		(Restated)	*(Restated)*
Lease obligation	**$ -**	$ -	$ 2,049
Lease obligation	**86,186**	140,951	197,721
Lease obligation	**1,401,536**	195,662	521,030
Subscription obligation	**6,505**	56,190	109,460
Total lease and subscription obligations, net	**$ 1,494,227**	$ 392,803	$ 830,260

As noted above, during 2023 and 2022, the Hospital implemented GASB 96 and GASB 87, respectively. More detailed information about the implementation of GASB 96, GASB 87 and the Hospital's long-term liabilities is presented in the notes to the financial statements.

Cash Flows

Changes in the Hospital's cash flows are consistent with changes in operating income losses and changes in net position discussed earlier.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While the annual budget of the Hospital is not presented within these financial statements, the Hospital's Board and management considered many factors when setting the fiscal year 2024 budget. While the financial outlook for the Hospital is stable, of primary importance in setting the 2024 budget is the status of the economy and the healthcare environment, which takes into account market forces and environmental factors such as:

- Medicare reimbursement changes,
- Increased number of uninsured and working poor,
- Ongoing competition for services,
- Workforce shortages primarily in nursing and other clinically skilled positions,
- Cost of supplies, including pharmaceuticals,
- Impact of Healthcare Reform as it relates to reimbursement and employee health insurance coverage, and potential repeals or replacements due to political changes.

IMPACT OF COVID-19

South Sunflower County Hospital, as have all of the healthcare facilities in the United States, has been and continues to be significantly impacted by the spread of the Coronavirus Disease 2019 (Covid- 19) pandemic. Since the Public Health Emergency declaration by the President of the United States on March 13, 2020, the Hospital has experienced and continues to experience a significant reduction in services provided in our hospital, physician clinics, home care agencies and nursing homes. Elective surgeries were suspended for a period of time and have yet achieved the service levels of the prior fiscal year. Health care professionals have raised concerns that patients are forgoing important care, such as chronic disease management, which can further jeopardize their health and as an additional consequence, reductions in revenue for health systems are anticipated in the future until the pandemic subsides.

The Hospital received under the CARES Act $11.6 million in relief funds and $3.4 million in Medicare accelerated payments. As of September 30, 2023, the Hospital repaid the $3.4 million of Medicare accelerated payments, and returned $7.3 million of the $11.6 million of the CARES Act funding.

For more detail on the Covid-19 pandemic, see the notes to the financial statements.

CONTACTING THE HOSPITAL FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Hospital's finances. If you have any questions about this report or need additional financial information, please contact the Hospital's Business office at South Sunflower County Hospital, 121 Baker Street, Indianola, MS 38751.

South Sunflower County Hospital
Indianola, Mississippi
Statements of Net Position

September 30,	**2023**	2022
		(Restated)
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	**$ 11,947,358**	$ 12,882,918
Patient accounts receivable, net of allowance for doubtful accounts of $6,851,030 in 2023 and $8,471,900 in 2022	**4,720,448**	4,629,969
Estimated third-party payor settlements	**259,000**	259,761
Inventories	**473,688**	500,140
Prepaid expenses	**203,883**	213,732
Current portion of notes receivable	**232,279**	270,278
Current portion of lease receivable	**49,482**	48,141
Other current assets	**1,926,913**	626,806
Total current assets	**19,813,051**	19,431,745
Noncurrent investments:		
Internally designated by Board for capital improvements	**6,774,531**	6,683,625
Restricted for self-insurance claims	**2,916,104**	2,880,599
Total noncurrent investments	**9,690,635**	9,564,224
Capital assets, net	**10,919,849**	10,301,013
Lease receivable, net of current portion	**33,750**	83,232
Long-term notes receivable	**281,010**	106,166
Total assets	**40,738,295**	39,486,380
Deferred outflows of resources - pension	**5,385,083**	3,024,295
Total assets and deferred outflows of resources	**$ 46,123,378**	$ 42,510,675

Continued

The accompanying notes are an integral part of these financial statements.

South Sunflower County Hospital
Indianola, Mississippi
Statements of Net Position

September 30,	**2023**	2022 *(Restated)*
Liabilities, Deferred Inflows of Resouces, and Net Position		
Current liabilities:		
Accounts payable	**$ 1,465,392**	$ 1,394,424
Accrued salaries and compensated absences	**1,370,602**	1,280,062
Other accrued liabilities	**161,610**	399,154
Current portion of leases payable	**347,552**	250,251
Current portion of subscription payable	**5,160**	49,685
Accrued self-insurance claims	**216,841**	615,235
Total current liabilities	**3,567,157**	3,988,811
Leases payable, less current portion	**1,140,170**	86,362
Subscription payable, less current portion	**1,345**	6,505
Accrued self-insurance claims, less current portion	**1,772,484**	1,516,044
Unearned revenue from CARES Act funding	**-**	313,858
Net pension liability	**27,580,429**	24,291,575
Total liabilities	**34,061,585**	30,203,155
Deferred inflows of resources		
Pension	**2,084,194**	1,529,097
Leases	**83,232**	13,133
Total deferred inflows of resources	**2,167,426**	1,660,470
Net position (deficit):		
Net investment in capital assets	**9,425,622**	9,908,210
Restricted - expendable for self-insurance	**2,916,104**	2,880,599
Unrestricted deficit	**(2,447,359)**	(2,141,759)
Total net position	**9,894,367**	10,647,050
Total liabilities, deferred inflows of resources, and net position	**$ 46,123,378**	$ 42,510,675

Concluded

The accompanying notes are an integral part of these financial statements.

South Sunflower County Hospital
Indianola, Mississippi
Statements of Revenues, Expenses and Changes in Net Position

For the years ended September 30,		**2023**		2022 *(Restated)*
Operating Revenue				
Net patient service revenue, net of provision for bad debts of $4,031,878 in 2023 and $4,033,230 in 2022	**$**	**26,143,016**	$	25,053,767
Other operating revenue		**1,743,491**		1,566,164
Total operating revenue		**27,886,507**		26,619,931
Operating Expenses				
Salaries and wages		**11,455,406**		11,646,729
Employee benefits		**3,687,021**		3,233,166
Professional fees		**7,989,182**		5,935,533
Supplies and other		**3,505,518**		3,488,767
Maintenance and utilities		**1,229,483**		1,091,603
Depreciation and amortization		**1,253,423**		1,259,831
Total operating expenses		**29,120,033**		26,655,629
Operating income (loss)		**(1,233,526)**		(35,698)
Nonoperating Revenue (Expenses)				
Investment income (loss)		**379,258**		(945,366)
CARES Act funding		**138,060**		1,614,810
Interest expense		**(36,475)**		(23,985)
Total nonoperating revenue		**480,843**		645,459
Change in net position		**(752,683)**		609,761
Net Position - beginning of year		**10,647,050**		10,037,289
Net Position - end of year	**$**	**9,894,367**	$	10,647,050

The accompanying notes are an integral part of these financial statements.

South Sunflower County Hospital
Indianola, Mississippi
Statements of Cash Flows

For the years ended September 30,	**2023**	2022 *(Restated)*
Operating Activities		
Receipts from and on behalf of patients	**$ 25,739,440**	$ 24,262,144
Payments to suppliers and contractors	**(14,433,364)**	(11,029,392)
Payments to employees	**(13,568,724)**	(15,465,561)
Other receipts and payments, net	**1,743,491**	1,566,164
Net cash provided by (used in) operating activities	**(519,157)**	(666,645)
Noncapital Financing Activities		
Payments/Recoupments of CARES Act funding	**-**	(7,401,227)
Proceeds from CARES Act funding	**138,060**	1,614,810
Net cash provided by (used in) noncapital financing activities	**138,060**	(5,786,417)
Capital and Related Financing Activities		
Principal payments on leases and subscriptions payable	**(441,378)**	(442,000)
Interest paid on leases and subscriptions payable	**(36,475)**	(23,985)
Purchases of capital assets	**(329,457)**	(387,889)
Net cash provided by (used in) capital and related financing activities	**(807,310)**	(853,874)
Investing Activities		
Interest on investments	**252,847**	25,507
Net cash provided by (used in) investing activities	**252,847**	25,507
Net increase (decrease) in cash and cash equivalents	**(935,560)**	(7,281,429)
Cash and Cash Equivalents - beginning of year	**12,882,918**	20,164,347
Cash and Cash Equivalents - end of year	**$ 11,947,358**	$ 12,882,918

Continued

The accompanying notes are an integral part of these financial statements.

South Sunflower County Hospital
Indianola, Mississippi
Statements of Cash Flows

For the years ended September 30,		**2023**		2022
				(Restated)
Reconciliation of operating income (loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss) from operations	**$**	**(1,233,526)**	$	(35,698)
Adjustments to reconcile income (loss)from operations to net cash provided by (used in) operating activities:				
Depreciation and amortization		**1,253,423**		1,259,831
Provision for bad debts		**4,031,878**		4,033,230
Changes in assets and liabilities:				
Patient accounts receivables		**(4,122,357)**		(3,474,706)
Inventories		**26,452**		(42,396)
Estimated third-party payor settlements		**761**		899,789
Prepaids and other current assets		**(1,427,103)**		(129,362)
Accounts payable		**70,968**		67,385
Accrued salaries and compensated absences		**90,540**		(995,359)
Other accrued expenses		**(379,498)**		(409,116)
Unearned revenues		**(313,858)**		(2,249,936)
Net pension liability and related deferred inflows/outflows		**1,483,163**		409,693
Net cash provided by (used in) operating activities	**$**	**(519,157)**	$	(666,645)
Supplemental disclosures of noncash capital and related financing activities				
Addition of ROU assets via lease	**$**	**1,542,802**	$	-
Addition of ROU assets via SBITAs	**$**	**-**	$	4,543

Concluded

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF HOSPITAL

Nature of Operations and Reporting Entity

South Sunflower County Hospital (the "Hospital") is a public hospital created to serve the medical needs of Indianola, Mississippi, and the surrounding area established by Sunflower County ("the County") as a special purpose government entity under the laws of the State of Mississippi. The Hospital is owned by Sunflower County and is governed by a Board of Trustees pursuant to Sections 41-13-15 et. Seq. of Mississippi Code of 1972, as amended. Because of the relationship between the Hospital and Sunflower County, the Hospital has been defined as a component unit of the County.

The Hospital provides inpatient, outpatient and emergency care services primarily for residents of the County and the surrounding area. Admitting physicians are primarily practitioners in the same area. The Hospital is currently licensed to operate 49 inpatient beds and 30 swing beds.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Hospital prepares its financial statements as a business-type activity in conformity with the applicable pronouncements of the Governmental Accounting Standards Board (GASB). The accompanying financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenue, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payor settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. The Hospital is self-funded for health and general and professional liabilities.

The Hospital considers the need for recording a liability for self-insured and malpractice claims. The provision for estimated self-insured and malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Noncurrent Investments

The Hospital's investments consist of external investment pools and are reported at net asset value per share which approximates fair value. Interest, dividends and gains and losses on investments, both realized and unrealized, are included in nonoperating income when earned.

Noncurrent investments include assets set aside by the Board of Trustees for future capital improvements as well as assets externally restricted for use in its self-insurance program. The Board retains control of the funds set aside for future capital improvements and may, at its discretion, subsequently use them for other purposes.

Fair Value Measurements

The Hospital categorizes its fair value measurements, if any, within the fair value hierarchy established by generally accepted accounting principles. The guidance establishes a hierarchy of inputs to valuation techniques used to measure fair value into three levels.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

- Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable, Net

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payor sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital has not materially altered its accounts receivable and revenue recognition policies during fiscal years 2023 and 2022, and did not have significant write-offs from third-party payors related to collectability in fiscal years 2023 or 2022.

Inventories

Inventories, which consist primarily of medical supplies and drugs, are stated at the lower of cost (based on the first-in, first-out method), or market.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Notes receivable

The Hospital has entered into various agreements with physicians and employees, specifically to benefit the Hospital's community service area. These agreements include income guarantees, tuition assistance, student loan assistance, and other advances, all of which are generally conditioned upon a service commitment to the Hospital. Advances under these agreements are forgiven upon fulfillment of a contractual service commitment, and are amortized to expense using the straight-line method over the related commitment period. Amounts expected to be amortized in the ensuing fiscal year are classified as an other current asset in the accompanying statements of net position.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Receivable

The Hospital is a lessor for a noncancellable lease of Hospital property. The Hospital recognizes a lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Under the lease agreement, the Hospital may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Hospital uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the lease. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the leases receivable are composed of fixed payments from the lessee.

The Hospital monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

Leases Payable

The Hospital is the lessee for two noncancellable leases of equipment. The Hospital recognizes leases payable and an intangible right-of-use lease assets (lease asset) in the financial statements.

At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Hospital determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

• The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases.

• The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Hospital is reasonably certain to exercise.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases Payable (continued)

Lease assets are reported with other capital assets and lease liabilities are reported as current and long term liabilities on the statement of net position.

Subscription-Based Information Technology Arrangements

All subscription-based information technology arrangements (SBITA) allowing for the Hospital to use another entity's information technology software alone or in combination with tangible capital assets (the underlying IT assets) for a period greater than 12 months are recorded as both a right of use (ROU) asset and a subscription liability. The liability is measured using the present value of total expected payments over the subscription term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. The ROU asset is measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Amortization of the ROU subscription asset flows through amortization expense monthly using the effective interest method over the life of the subscription.

The Hospital uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Hospital uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and term options that the Hospital is reasonably certain to exercise.

The Hospital monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets, and subscription liabilities are reported on the statement of net position.

Capital Assets

Capital assets include property, plant, equipment, right of use leased assets, and right of use subscription assets. Capital assets, except for right of use assets, are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Capital assets are defined as assets with an initial cost of more than $1,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Right of use assets and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of the assets, as determined utilizing *"Estimated Useful Lives of Depreciable Medical Center Assets, Revised 2018 Edition"* published by the American Medical Center Association.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Capital Assets* (continued)**

The following estimated useful lives are being used by the Hospital:

Asset Class	Year
Land improvements	5 - 20
Building and improvements	5 - 40
Medical equipment	3 - 20
Furniture and fixtures	3 - 20
Right-of-use assets	5 - 7

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs are charged to expense when incurred.

Impairment of Long-Lived Assets

The Hospital evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. Based on management’s evaluations, no long-lived assets impairments were recognized during the years ended September 30, 2023 and 2022.

Compensated Absences

The Hospital employees can accumulate earned time off, which is vested with the employee and upon termination is payable under certain circumstances. All vested compensated absences are recorded as of the statement of net position date.

Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position have been determined on the same basis as reported by the respective defined benefit pension plans. The Hospital recognizes benefit payments when due and payable in accordance with benefit terms. Invested assets are reported at fair value.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows and inflows have been recognized for the net difference between the projected and actual investment earnings. This amount is deferred and amortized over a period of five years. In addition, deferred outflows and inflows have been recognized for the differences between the actuarial expectation and actual economic experience, change in assumptions, and changes in the proportional share of the net pension liability. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. See Note 8 for additional information on deferred outflows and inflows related to the pension plans.

In addition, the Hospital is reporting deferred inflows of resources related to leases associated with amounts owed to the Hospital, as lessor, by entities leasing the Hospital's capital assets. The deferred inflows of resources related to leases will be recognized in lease revenue in future reporting periods.

Net Position

Net position of the Hospital is classified in three components, as follows:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted net position – made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted net position – the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position described above.

The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the Hospital's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor ("RAC") and Medicaid Integrity Contractor ("MIC") programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC's have authority to pursue 'improper' (in their judgment) payments with a three year look back from the date the claim was paid.

Charity Care

The Hospital provides care without charge, or at a reduced charge, to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy was, approximately $179,301 and $74,866 for the years ended September 2023 and 2022, respectively, and estimated costs and expenses incurred to provide charity care totaled approximately $31,916 and $13,326, respectively. The estimated costs and expenses incurred to provide charity care were determined by applying the Hospital's cost to charge ratio from its latest filed Medicare cost report to its charges foregone for charity care, at established rates.

Grants and Contributions

From time to time, the Hospital receives grants from governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized as nonoperating revenues when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Budgetary Information

The Hospital is required by statute of the State of Mississippi to prepare a non-appropriated annual budget. The budget is not subject to the appropriation and is, therefore, not required to be presented as supplementary information.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Healthcare Environment

The Hospital monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Hospital in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payor industry.
- Workforce shortages primarily in nursing and other clinically skilled positions; as well as increased payroll costs to retain staff.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may arise in the future, could have a material adverse impact on the Hospital's financial position and operating results.

Income Taxes

The Hospital is a governmental entity and, as such, is exempt from federal and state income taxes.

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Hospital upon implementation. Management has not yet evaluated the effect of implementation of these standards.

In April 2022, GASB issued GASB Statement No. 99, *Omnibus 2022*. This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement not yet effective are as follows:

- The requirements related to financial guarantees and the classification and reporting of other derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2022, GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Early application is encouraged.

In June 2022, GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Pronouncements Issued and Recently Adopted

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-of-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This Statement is effective for fiscal years beginning after June 15, 2022. The Hospital adopted GASB Statement No. 96 for the year ended September 30, 2023. For more information on the effects of the adoption of Statement No. 96, see Notes 2, 3, 5 and 7.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 15, 2024 and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: RESTATEMENT DUE TO ADOPTION OF NEW ACCOUNTING PRINCIPLE

During the year ended September 30, 2023, the Hospital implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, retroactive to October 1, 2021. The implementation of this statement requires restatements in the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows to record the cumulative effect of recording the original basis of the subscription assets less accumulated depreciation, net of the respective subscription liability as of September 30, 2022.

The following changes have been made to the September 30, 2022 amounts reported prior to the adoption of GASB 87 on the accompanying financial statements:

	Restated after Adoption of GASB 96	As Originally Reported Prior to Adoption of GASB 96
Statements of Net Position		
Noncurrent assets		
Capital assets, net	$ 10,301,013	$ 10,244,823
Current liabilities		
Subscription payable	49,685	-
Noncurrent liabilites		
Subscription payable, less current portion	6,505	-
Statements of Revenues, Expenses and Changes in Net Position		
Professional fees	$ 5,935,533	$ 5,996,389
Depreciation and amortization	1,259,831	1,202,018
Interest expense	(23,985)	(20,942)
Statements of Cash Flows		
Payments to suppliers and contractors	$ (11,029,392)	$ (11,090,248)
Principal payments on leases and subscription payables	(442,000)	(384,187)
Interest paid on leases and subscriptions payable	(23,985)	(20,942)

Note 4: CASH DEPOSITS AND INVESTMENTS

As of September 30, 2023 and 2022, the deposits and investments of the Hospital consisted of the following:

September 30,	**2023**	2022
Petty cash and deposited cash	**$ 1,755**	$ 1,755
Cash deposits with financial institutions	**11,945,603**	12,881,163
MHA external investment pools	**9,690,635**	9,564,224
Total deposits and investments	**$ 21,637,993**	$ 22,447,142

Deposits and investments are included in the following statement of net position captions:

September 30,	**2023**	2022
Cash and cash equivalents	**$ 11,947,358**	$ 12,882,918
Investments	**9,690,635**	9,564,224
Total deposits and investments	**$ 21,637,993**	$ 22,447,142

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Hospital's deposits might not be recovered. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the Hospital's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation ("FDIC"). All deposits with financial institutions must be collateralized in an amount equal to 105 percent of uninsured deposits and are therefore fully insured. The bank balance of the collateralized and insured balances was $11,698,687 and $13,218,143 at September 30, 2023 and 2022, respectively.

Investments

The statutes of the State of Mississippi restrict the authorized investments of the Hospital to obligations of the U. S. Treasury, agencies and instrumentalities of the United States and certain other types of investments. The Mississippi Hospital Association ("MHA") investment pool is the result of an amendment to the Mississippi Code of 1972 passed in the 1999 and 2000 sessions of the Mississippi Legislature. This law expanded the investment options and permits the pooling of hospital funds. All Mississippi hospitals are allowed to participate in these funds. Pooled funds are invested in authorized investments and are managed by approved investment advisors. The external investment pools do not have a credit rating on the overall pool and they are not insured.

Note 4: CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

Interest Rate Risk - The Hospital does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Hospital limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements.

Concentration of Credit Risk - The Hospital has not established asset allocation limits for their investment portfolio to reduce concentrations of credit risk. However, Mississippi Code 27- 105-365 limits the amount of investments in U.S. government agency and instrumentalities to 50% and the amount of investments in open-end and closed-end management-type investment companies and trusts to 20% for all monies invested with maturities of 30 days or longer.

Fair Value - Following is a description of the valuation methodologies used for investments measured at fair value.

- MHA Investment Pool – Valued at the net asset value of shares held by the investment pool.

Since the MHA Investment Pool is measured at fair value using the net asset value per share practical expedient, these amounts are not classified in the fair value hierarchy. The Medical Center invests in these types of investments to obtain competitive market returns while ensuring the safety and liquidity of the portfolio. These types of investments may be redeemed without advance notice and there are no unfunded commitments for further investment. There are currently no limitations as to the frequency of redemptions. The total investment in the pool as of September 30, 2023 and 2022 was $9,690,635 and $9,564,224, respectively.

Note 5: CAPITAL ASSETS

Depreciation and amortization expense for the years ended September 30, 2023 and 2022 totaled $1,269,171 and $1,262,379, respectively. Capital asset additions, retirements and balances for the year ended September 30, 2023, were as follows:

September 30,	Balance September 30, 2022	Additions	Reductions	Reclass/ Transer	Balance September 30, 2023
	(Restated)				
Capital assets not being depreciated					
Land	$ 191,036	$ -	$ -	$ -	**$ 191,036**
Total capital assets not being depreciated	191,036	-	-	-	**191,036**
Capital assets being depreciated					
Land improvements	582,977	-	-	-	**582,977**
Buildings and improvements	16,652,920	53,699	-	-	**16,706,619**
Fixed equipment	280,384	-	-	-	**280,384**
Right of use assets - equipment	1,648,705	1,542,802	(834,115)	(522,840)	**1,834,552**
Right of use assets - SBITA	114,003	-	-	-	**114,003**
Vehicles	33,611	-	-	-	**33,611**
Major moveable equipment	16,092,211	275,758	(147,909)	522,840	**16,742,900**
Total capital assets being depreciated	35,404,811	1,872,259	(982,024)	-	**36,295,046**
Less accumulated depreciation for					
Land improvements	(356,538)	(29,601)	-	-	**(386,139)**
Buildings and improvements	(9,455,570)	(345,031)	-	-	**(9,800,601)**
Fixed equipment	(197,220)	(179)	-	-	**(197,399)**
Right of use assets - equipment	(1,181,484)	(366,105)	834,115	470,094	**(243,380)**
Right of use assets - SBITA	(57,813)	(49,685)	-	-	**(107,498)**
Vehicles	(33,611)	-	-	-	**(33,611)**
Major moveable equipment	(14,012,598)	(462,822)	147,909	(470,094)	**(14,797,605)**
Total accumulated depreciation	(25,294,834)	(1,253,423)	982,024	-	**(25,566,233)**
Capital assets being depreciated, net	10,109,977	618,836	-	-	**10,728,813**
Capital assets, net	$ 10,301,013	$ 618,836	$ -	$ -	**$ 10,919,849**

Note 5: CAPITAL ASSETS (Continued)

Capital asset additions, retirements and balances for the year ended September 30, 2022, were as follows:

September 30,	Balance September 30, 2021	Additions	Reductions		Balance September 30, 2022
	(Restated)				*(Restated)*
Capital assets not being depreciated					
Land	$ 155,336	$ 35,700	$ -	$ -	$ 191,036
Total capital assets not being depreciated	155,336	35,700	-	-	191,036
Capital assets being depreciated					
Land improvements	575,477	7,500	-	-	582,977
Buildings and improvements	16,652,920	-	-	-	16,652,920
Fixed equipment	280,384	-	-	-	280,384
Right of use assets - equipment	1,648,705	-	-	-	1,648,705
Right of use assets - SBITA	109,460	4,543	-	-	114,003
Vehicles	33,611	-	-	-	33,611
Major moveable equipment	15,747,522	344,689	-	-	16,092,211
Total capital assets being depreciated	35,048,079	356,732	-	-	35,404,811
Less accumulated depreciation for					
Land improvements	(327,187)	(29,351)	-	-	(356,538)
Buildings and improvements	(9,111,099)	(344,471)	-	-	(9,455,570)
Fixed equipment	(197,040)	(180)	-	-	(197,220)
Right of use assets - equipment	(710,360)	(471,124)	-	-	(1,181,484)
Right of use assets - SBITA	-	(57,813)	-	-	(57,813)
Vehicles	(33,611)	-	-	-	(33,611)
Major moveable equipment	(13,655,706)	(356,892)	-	-	(14,012,598)
Total accumulated depreciation	(24,035,003)	(1,259,831)	-	-	(25,294,834)
Capital assets being depreciated, net	11,013,076	(903,099)	-	-	10,109,977
Capital assets, net	$ 11,168,412	$ (867,399)	$ -	$ -	$ 10,301,013

Note 6: OTHER CURRENT ASSETS

The composition of other current assets at September 30, 2023 and 2022 was as follows:

September 30,	**2023**	2022
Escrow deposit	**$ 18,750**	$ 18,750
Other receivables	**1,885,451**	585,344
Insurance subscriber savings	**22,712**	22,712
Total other current assets	**$ 1,926,913**	$ 626,806

Note 7: LONG-TERM LIABILITIES

A summary of long-term lease and subscription obligations, at September 30, 2023 and 2022 follows:

September 30,	**2023**	2022
Lease obligation, interest rate of 3.85%, monthly payments of $4,936, maturing April 2025, collateralized by leased equipment	**$ 86,186**	$ 140,951
Lease obligation, interest rate of 3.85%, monthly payments of $28,312, maturing March 2028, collateralized by leased equipment	**1,401,536**	195,662
Subscription obligation, interest rate of 3.85%, monthly payments ranging from of $1,212 to $3,837, maturing July 2025, collateralized by leased equipment	**6,505**	56,190
Total	**1,494,227**	392,803
Less: current portion	**352,712**	299,936
Lease obligations, less current maturities	**$ 1,141,515**	$ 92,867

Scheduled principal and interest payments on future minimum lease payments are as follows:

Year ending September 30,	**Principal**	**Interest**
2024	$ 352,712	$ 51,521
2025	333,032	37,971
2026	314,090	25,654
2027	326,413	13,331
2028	167,980	1,893
Total	$ 1,494,227	$ 130,370

Note 7: LONG-TERM LIABILITIES (Continued)

A schedule of changes in the Hospital's long-term liabilities for the year ended September 30, 2023 and 2022 are as follows:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023	Due Within One Year
Leases payable	$ 336,613	1,542,802	(391,693)	**$ 1,487,722**	$ 347,552
Subscription payable	56,190	-	(49,685)	**6,505**	5,160
Compensated absences	287,924	293,773	(287,924)	**293,773**	293,773
Self-insurance claims	2,131,279	1,423,595	(1,565,549)	**1,989,325**	216,841
Total long-term debt	$ 2,812,006	$ 3,260,170	$ (2,294,851)	**$ 3,777,325**	$ 863,326

	Balance September 30, 2021	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Leases payable	$ 720,800	$ -	$ (384,187)	$ 336,613	$ 250,251
Subscription payable	109,460	4,543	(57,813)	56,190	49,685
Compensated absences	325,078	287,924	(325,078)	287,924	287,924
Self-insurance claims	2,739,870	884,983	(1,493,574)	2,131,279	615,235
Total long-term debt	$ 3,895,208	$ 1,177,450	$ (2,260,652)	$ 2,812,006	$ 1,203,095

Note 8: PENSION PLAN

Plan Description

The Hospital contributes to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS administers a cost-sharing, multiple employer defined benefit pension plan as defined in GASB 67, *Financial Reporting for Pensions*.

Note 8: PENSION PLAN (Continued)

Benefits Provided

For the cost-sharing plan, participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50 percent for each additional year of creditable service, with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years.

Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Contributions

Hospital employees, as members of PERS, are required to contribute 9 percent of their annual covered salary, and the Hospital is required to contribute at an actuarially determined rate. The rate contributed by the Hospital was 17.40 percent of annual covered payroll as of September 30, 2023 and 2022, respectively. Combined contributions are expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Hospital's contributions to PERS for each of the years ended September 30, 2023 and 2022, were approximately $1,349,465 and $1,393,086, respectively, and were equal to the required contributions for each year.

Vesting Period

In 2007, the Mississippi Legislature amended PERS to change the vesting period from four to eight years for members who entered the system after July 1, 2007. Members who entered PERS prior to July 1, 2007 are still subject to the four year vesting period provided that those members do not subsequently withdraw their account balance.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023 and 2022, the Hospital reported a liability for its proportionate shares of the net pension liabilities of PERS. The net pension liability was measured as of June 30, 2023 and 2022, for fiscal years ended September 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021. The Hospital's proportion of the net pension liability was based on a projection of the Hospital's long-term share of contributions to the pension plan relative to the projected contributions of all participating PERS members, actuarially determined.

Note 8: PENSION PLAN (Continued)

Pension Liabilities and Pension Expense (Continued)

September 30,	**2023**	2022
Net pension liability	**27,580,429**	24,291,575
Proportion at:		
Current measurement date	**0.109658%**	0.118014%
Change on prior measurement date	**0.008356%**	0.011699%
Pension expense	**$ 2,832,628**	$ 1,805,473

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023 and 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

September 30,	**2023**	2022
Deferred outflows of resources		
Net difference between projected and actual earnings on pension plan investments	**$ 1,079,072**	$ 1,275,912
Difference between expected and actual experience	**690,570**	343,952
Changes of assumptions	**3,238,461**	840,152
Changes in proportionate share of net pension liability	**74,748**	197,117
Pension contributions subsequent to measurement date	**302,232**	367,162
Total deferred outflows of resources	**$ 5,385,083**	$ 3,024,295

September 30,	**2023**	2022
Deferred inflows of resources		
Changes in proportionate share of net pension liability	**$ 2,084,194**	$ 1,529,097
Total deferred inflows of resources	**$ 2,084,194**	$ 1,529,097

Note 8: PENSION PLAN (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	
2024	$ 934,252
2025	301,557
2026	1,754,647
2027	8,201
Total	$ 2,998,657

Actuarial Assumptions

The net pension liability was measured as of June 30, 2023 and 2022 for fiscal years ended September 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021. The individual entry age normal actuarial cost method was used for the plan along with the following significant actuarial assumptions:

Year ending September 30,	**2023**	2022
Inflation	**2.40%**	2.40%
Salary increase	**2.65-17.90%**	2.65-17.90%
Investment rate of return	**7.00%**	7.55%
Discount rate	**7.00%**	7.55%

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the four year period July 1, 2018 to June 30, 2022.

Note 8: PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27%	4.75%
International equity	22%	4.75%
Global equity	12%	4.95%
Fixed income	20%	1.75%
Real estate	10%	3.25%
Private equity	8%	6.00%
Cash	1%	0.25%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability at September 30, 2023 and 2022 was 7.00 and 7.55%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate (9.00 percent) and that contributions from the Hospital will be made at contractually required rates (17.40 percent). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 8: PENSION PLAN (Continued)

Sensitivity Analysis

The following tables demonstrates the sensitivity of the net pension liability as of September 30, 2023 and 2022, respectively, to changes in the discount rate. The sensitivity analysis shows the impact to the Hospital's proportionate share of the net pension liability if the discount rate that was 1.00% higher or 1.00% lower than the current discount rate:

September 30, 2023	**1% Decrease (6.00%)**	**Current Discount Rate (7.00%)**	**1% Increase (8.00%)**
Hospital's proportionate share of the net pension liability	**35,565,670**	**27,580,429**	**21,027,662**

September 30, 2022	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Hospital's proportionate share of the net pension liability	31,702,987	24,291,575	18,181,244

Pension Plan Fiduciary Net Position

PERS issues a publicly available financial report that includes financial statements and required supplementary information. This information may be obtained by contacting PERS by mail at 429 Mississippi Street, Jackson, MS 39201, by phone at 1-800-444-7377 or by website at www.pers.ms.gov. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 9: NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets, as presented on the accompanying statements of net position is calculated as follows:

September 30,	**2023**	2022
Capital assets	**$ 36,486,082**	$ 35,595,847
Less accumulated depreciation	**(25,566,233)**	(25,294,834)
Less debt outstanding related to capital assets	**(1,494,227)**	(392,803)
Net investment in capital assets	**$ 9,425,622**	$ 9,908,210

Note 10: NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to the patient classification system that is based on clinical, diagnostic and other factors. Outpatient services related to Medicare beneficiaries are reimbursed through a prospective payment system commonly known as Ambulatory Payment Classification (APC). Under the APC system, certain medical devices and drugs are reimbursed at cost or average wholesale price. Long-term care services are reimbursed under a prospective payment system that considers the Medicare beneficiaries severity of illness among other clinical factors. Inpatient non-acute services are paid based on a prospective payment system.

The Hospital is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission and review by the fiscal intermediary of annual cost reports.

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a prospective reimbursement methodology known as an APR-DRG system. Outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a prospective reimbursement methodology known as an APC system.

Other - The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Mississippi Intergovernmental Transfer Program - The Hospital participates in the Mississippi Intergovernmental Transfer Program as a Medicaid Disproportionate Share Hospital (DSH), and in the Mississippi Hospital Access Payment (MHAP). Under these programs, the Hospital receives enhanced reimbursement through a matching mechanism.

The MHAP Program is administered by the Division of Medicaid (DOM) through the Mississippi CAN coordinated care organizations (CCO). The CCO's subcontract with Hospitals throughout the state for distribution of MHAP payments for the purpose of protecting patient access to hospital care. DSH and MHAP payments and the associated taxes are distributed and collected in equal monthly installments. MHAP amounts are shown as a reduction of contractual adjustments and are recorded net of related taxes paid.

Years ended September 30,	**2023**	2022
MHAP revenue, gross	**$ 4,810,181**	$ 3,436,030
MHAP assessment	**(483,421)**	(339,643)
MHAP revenue, net of assessment	**$ 4,326,760**	$ 3,096,387

Note 10: NET PATIENT SERVICE REVENUE (Continued)

Medicare and Medicaid Laws and Regulations - Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result of those interpretations, the 2023 and 2022 net patient service revenue increased approximately $-0- and $807,000, respectively, due to prior year retroactive adjustments in excess of amounts previously estimated.

The composition of net patient service revenue was as follows:

Years ended September 30,	**2023**	2022
Gross patient service revenue	**$ 48,262,054**	$ 46,989,465
Less provisions for		
Contractual adjustments under the third-party reimbursement programs and other deductions	**18,087,160**	17,902,468
Provision for bad debts	**4,031,878**	4,033,230
Net patient service revenue	**$ 26,143,016**	$ 25,053,767

Nonoperating Income

Additional funding for the Public Health and Social Services Emergency Fund ("Relief Fund") was among the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020, and other legislation. In the year ended September 30, 2023 and 2022, the Hospital received cash payments and recognized nonoperating income of $138,060 and $1,614,810 due to grants from the Relief Fund and state grant programs, which is reported as nonoperating income in the Hospital's accompanying statement of revenues, expenses, and changes in net position. The Hospital had a deferred payment of $313,858, which is recorded in unearned revenue on the statement of net position at September 30, 2022.

Payments from the Relief Fund are not loans and, therefore, they are not subject to repayment. However, as a condition to receiving distributions, providers must agree to certain terms and conditions, including, among other things, that the funds are being used for lost operating revenues and COVID-related costs, and that the providers will not seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. The Hospital recognizes grant payments as income when there is reasonable assurance of compliance with the conditions associated with the grant. The Hospital's estimates could change materially in the future based on the Hospital's operating performance or COVID-19 activities at individual locations, as well as the evolving grant compliance guidance provided by the government.

Note 10: NET PATIENT SERVICE REVENUE (Continued)

The Coronavirus Aid, Relief, and Economic Security Act of 2020 and Related Legislation

The CARES Act and the Paycheck Protection Program and Health Care Enhancement Act ("Paycheck Protection Program"), which was signed into law on April 24, 2020, authorized up to $2 trillion in government spending to mitigate the economic effects of the COVID-19 pandemic. Below is a brief overview of certain provisions of the CARES Act and related legislation that have impacted and are expected to continue to impact the Hospital's business. Please note that this summary is not exhaustive, and additional legislative action and regulatory developments may evolve rapidly. There is no assurance that the Hospital will continue to receive or remain eligible for funding or assistance under the CARES Act or similar measures.

Public Health and Social Services Emergency Fund - To address the fiscal burdens on healthcare providers created by the COVID-19 public health emergency, the CARES Act and the Paycheck Protection Program authorized $175 billion for the Relief Fund. During the year ended September 30, 2020, HHS commenced distribution of Relief Fund monies, later increased by subsequent legislation.

Medicare and Medicaid Payment Policy Changes - The CARES Act and subsequent legislation also alleviated some of the financial strain on hospitals, physicians, and other healthcare providers and states through a series Medicare and Medicaid payment policies that temporarily increase Medicare and Medicaid reimbursement and allow for added flexibility, as described below.

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act suspended the sequestration payment adjustment percentage of 2% applied to all Medicare Fee-for-Service (FFS) claims from May 1 through December 31, 2020. The Consolidated Appropriations Act, 2021, extended the suspension period to March 31, 2021. An Act to prevent across-the-board direct spending cuts, and for other purposes, signed into law on April 14, 2021, extended the suspension period to December 31, 2021. The Protecting Medicare and American Farmers from Sequester Cuts Act extended the suspension period through March 31, 2022, and adjusted the sequester to 1% between April 1, 2022 and June 30, 2022. Subsequent to July 1, 2022 the 2% cut was effective.

- The CARES Act instituted a 20% increase in the Medicare MS-DRG payment for COVID-19 hospital admissions for the duration of the public health emergency (which expired on May 11, 2023) as declared by the Secretary of HHS.

- The scheduled reduction of $4 billion in federal Medicaid DSH allotments in FFY 2020, as mandated by the Affordable Care Act, is suspended until October 1, 2024. Also, the federal DSH allotment reduction for FFY 2024 is set at $8 billion for each year through termination in FFY 2027.

- The CARES Act expanded the Medicare Accelerated and Advance payments program, which provides prepayment of claims to providers in certain circumstances, such as national emergencies or natural disasters. Under this measure, providers could request accelerated and advance payments for Medicare Part A and Part B suppliers. Under the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment began one year from the issuance date of each provider or supplier's accelerated or advance payment. After the first 12 months, Medicare automatically recouped 25 percent of Medicare payments otherwise owed to the provider or supplier for eleven months. At the end of the eleven-month period, recoupment increased to 50 percent for another six months.

Note 10: NET PATIENT SERVICE REVENUE (Continued)

The Coronavirus Aid, Relief, and Economic Security Act of 2020 and Related Legislation (Continued)

If the provider or supplier was unable to repay the total amount of the accelerated or advance payment during this time-period (a total of 29 months), CMS issued demand letters requiring repayment of any outstanding balance, subject to an interest rate of four percent consistent with the Continuing Appropriations Act, 2021. As of September 30, 2022, the Hospital repaid all of the accelerated and advanced payments.

- A 6.2% increase in the Federal Medical Assistance Percentage ("FMAP") matching funds was instituted to help states respond to the COVID-19 pandemic. The additional funds were available to states from January 1, 2020 through the quarter in which the public health emergency period ended, provided that states met certain conditions. An increase in states' FMAP leverages Medicaid's existing financing structure, which allows federal funds to be provided to states more quickly and efficiently than establishing a new program or allocating money from a new funding stream. Increased federal matching funds supported states in responding to the increased need for services, such as testing and treatment during the COVID-19 public health emergency, as well as increased enrollment as more people lost income and qualified for Medicaid during the economic downturn. The public health emergency ended in May 2023. The FMAP increases will be phased out quarterly until it is fully removed on January 1, 2024. The FMAP will be 5% for April through June 2023, 2.5% for July through September 2023, and 1.5% for October through December 2023.

Because of the uncertainty associated with various factors that may influence the Hospital's future Medicare and Medicaid payments, including future legislative, legal or regulatory actions, or changes in volumes and case mix, there is a risk that the Hospital's estimates of the impact of the aforementioned payment and policy changes will be incorrect and that actual payments received under, or the ultimate impact of, these programs may differ materially from the Hospital's expectations.

Note 11: 340B DRUG PRICING PROGRAM

The Hospital participates in the 340B Drug Pricing Program (340B Program), enabling the Hospital to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. The Hospital earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. The Hospital operates an internal pharmacy and has partnered with a network of participating local pharmacies that dispense the pharmaceuticals to its patients under a contractual arrangement with the Hospital. The Hospital recorded 340B Program revenues of $6,564,874 and $5,489,076 for the years ended September 30, 2023 and 2022, respectively, which is included in net patient service revenue in the accompanying statements of revenues, expenses and changes in net position. 340B program expenses of $3,725,806 and $3,056,310 for the years ended September 30, 2023 and 2022, respectively, are included in net patient service revenue in the accompanying statements of revenues, expenses and changes in net position.

Note 11: 340B DRUG PRICING PROGRAM (Continued)

This program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near term.

Note 12: INSURANCE PROGRAMS

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice and employee health, dental and accident benefits. Commercial liability insurance is purchased for most of these risks. However, employee health insurance and certain general and professional liability risks are self-funded as further explained below. The Hospital has accrued for the estimate of self-funded claims.

Self-Funded Health Insurance

The Hospital provides health insurance coverage to its employees under a self-funded plan. Health claims are paid by the Hospital as they are incurred and filed by the employee. An estimated liability for claims incurred but not reported or paid is included in the liability for self-insurance claims in the financial statements.

The claims liability at September 30, 2023 and 2022, is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Hospital's claims liability amount for fiscal years 2023 and 2022 were:

Fiscal year	October 1, Claims Liability	Current Year Claims and Changes in Estimates	Current Year Payments	September 30, Claims Liability
2023	$ 615,235	$ 1,080,636	$ (1,479,030)	$ 216,841
2022	$ 232,276	$ 1,783,027	$ (1,400,068)	$ 615,235

Medical Malpractice Program

The Hospital maintains a professional and general liability insurance program under a self-funded plan. At year-end, the Hospital accrues for the estimate of losses for malpractice claims outstanding.

As of September 30, 2023 and 2022, this accrual totaled $1,772,484 and $1,516,044, respectively. The future assertion of claims for occurrences prior to year-end is reasonably possible and may occur, although is not anticipated.

Note 12: INSURANCE PROGRAMS (Continued)

Medical Malpractice Program (Continued)

Changes in the Hospital's claims liability amount, including related legal fees, for the years 2023 and 2022 were as follows:

Fiscal Year	October 1, Claims Liability	Current Year Claims and Changes in Estimates	Current Year Payments	September 30, Claims Liability
2023	$ 1,516,044	$ 342,959	$ (86,519)	$ 1,772,484
2022	$ 2,507,594	$ (898,044)	$ (93,506)	$ 1,516,044

The Mississippi Tort Claims Act provides a cap on the amount of damages recoverable against government entities, including governmental medical centers. For claims filed, the amount recoverable is the greater of $500,000 or the amount of liability insurance coverage that has been retained.

Note 13: SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in Note 10.

Accounts Receivable

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The percentage mix of accounts receivable, at net, from patients and major third-party payors at September 30 was as follows:

September 30,	**2023**	2022
Medicare	**37%**	21%
Medicaid	**18%**	20%
Commercial	**12%**	27%
Other	**33%**	32%
Total	**100%**	100%

Note 13: SIGNIFICANT ESTIMATES AND CONCENTRATIONS (Continued)

Patient Service Revenue Under Contract

A summary of revenue for gross patient services under contract with significant third-party payors follows:

	September 30, 2023		September 30, 2022	
	Amount	**Percent of Total Gross Patient Revenue**	Amount	Percent of Total Gross Patient Revenue
Medicare	**$ 20,891,000**	**43.3%**	$ 19,324,371	41.1%
Medicaid	**12,338,156**	**25.6%**	11,945,126	25.4%
Other	**15,032,898**	**31.1%**	15,719,968	33.5%
Total	**$ 48,262,054**	**100.0%**	$ 46,989,465	100.0%

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

REQUIRED SUPPLEMENTARY INFORMATION

South Sunflower County Hospital
Indianola, Mississippi
Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Public Employees' Retirement System of Mississippi	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	**0.1097%**	0.1180%	0.1297%	0.1279%	0.1267%	0.1252%	0.1187%	0.1184%	0.1254%	0.1298%
Employer's proportionate share of the net pension liability (asset)	**27,580,429**	24,291,575	19,172,147	24,761,889	22,294,659	20,824,806	19,734,628	21,146,696	18,932,870	15,694,809
Employer's covered payroll	**8,135,248**	8,124,455	8,633,789	8,620,613	7,812,684	8,188,787	7,728,578	7,732,235	7,742,204	8,357,158
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	**339.02%**	298.99%	222.06%	287.24%	285.36%	254.31%	255.35%	273.49%	244.54%	187.80%
Plan fiduciary net position as a percentage of the total pension liability	**55.7%**	60.00%	70.00%	59.00%	62.00%	63.00%	61.00%	57.00%	62.00%	67.00%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

South Sunflower County Hospital
Indianola, Mississippi
Schedules of Employer Contributions
Last 10 Fiscal Years

Public Employees' Retirement System of Mississippi	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 1,349,465**	$ 1,393,086	$ 1,478,054	$ 1,496,507	$ 1,359,407	$ 1,289,734	$ 1,217,251	$ 1,217,827	$ 1,219,397	$ 1,316,252
Contributions in relation to the contractually required contribution	**1,349,465**	1,393,086	1,478,054	1,496,507	1,359,407	1,289,734	1,217,251	1,217,827	1,219,397	1,316,252
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	**$ 7,762,085**	$ 8,006,244	$ 8,494,562	$ 8,620,613	$ 7,812,684	$ 8,188,787	$ 7,728,578	$ 7,732,235	$ 7,742,204	$ 8,357,158
Contributions as a percentage of covered payroll	**17.39%**	17.40%	17.40%	17.36%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

The accompanying notes are an integral part of these financial statements.

Note 1: PLAN CHANGES IN BENEFIT TERMS

In fiscal year 2016, the interest rate on employee contributions was changed to the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of 1.0 percent and a maximum rate of 5.0 percent.

Note 2: CHANGES OF ASSUMPTIONS

- The investment rate of return was reduced from 8.00 percent to 7.75 percent in fiscal year 2015, and to 7.55 in fiscal year 2021. The investment rate of return was reduced from 7.5500 percent to 7.75 percent in fiscal year 2023.
- Price inflation was reduced from 3.50 percent to 3.00 percent in fiscal year 2015, 2.75 percent in 2019, and to 2.40 percent in 2021.
- The wage inflation assumption was reduced from 3.75 percent to 3.25 percent in fiscal year 2017, 3.00 percent in 2019, and to 2.65 percent in fiscal year 2021.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
- The percentage of active member disabilities assumed to be in the line of duty was increased in 2017 from 6.00 percent to 7.00 percent. The assumed rate was increased again in 2019 to 9.00 percent and to 12.00 percent in 2021.
- The percentage of active member deaths assumed to be in the line of duty was decreased in 2021 from 6.00 percent to 4.00 percent.
- Administrative expenses were increased from 0.24 to 0.28 percent of payroll in fiscal year 2021. Administrative expenses were decreased from 0.28 percent to 0.26 percent in fiscal year 2023.
- Assumed rates of salary increase were adjusted in 2015, 2017, and 2019 to more closely reflect actual and anticipated experience.
- The assumed rate of interest credited to employee contributions was changed from 3.50 percent to 2.00 percent in 2016.
- Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were adjusted to more closely reflect actual experience in 2015, 2017, 2019, 2021, and 2023.
- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

Note 2: CHANGES OF ASSUMPTIONS (Continued)

- In 2015, the mortality table for retired life mortality was changed from the RP-2000 Mortality Table to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB.

- In 2017, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022.

- In 2019, the expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with male rates adjusted to 112.0 percent of male rates from ages 18 to 75 scaled down to 105.0 percent for ages 80 to 119, and female rates adjusted to 85.0 percent of the female rates from ages 18 to 65 scaled up to 102.0 percent for ages 75 to 119. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

- In 2021, the expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following the adjustments: for males to 95.0 percent of male rates up to age 60, 110.0 percent for ages 61 to 75, and scaled up to 101.0 percent for ages above 77. Adjustments for females were changed to 84.0 percent of female rates up to age 72 scaled up to 100.0 percent for ages above 76. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally. Additionally, an allowance was added for contingent annuitants using the same table adjusted for males to 97.0 percent and females to 110.0 percent for all ages.

- The expectation of disabled mortality was changed from the RP-2000 Disabled Mortality Table to the RP-2014 Disabled Retiree Table in 2015. Small adjustments were also made to the mortality table in 2017. In 2019 the expectation of disabled mortality was changed to the PubT.H-2010 Disabled Retiree Table for disabled retirees, with male rates adjusted to 137.0 percent and female rates adjusted to 115.0 percent. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally. The expectation of disabled mortality was changed to PubG.H-2021 Disabled Table for disabled retirees with males adjusted to 134.0 percent of males rates and females adjusted to 121.0 percent of female rates with projection scale MP-2020 used to project future improvements in life expectancy generationally.

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

SUPPLEMENTARY INFORMATION

South Sunflower County Hospital
Indianola, Mississippi
Schedule of Surety Bonds for Officers and Employees
September 30, 2023

Name	Position	Company	Amount of Bond
Adelaide W. Fletcher	Trustee	Fidelity and Deposit Company of Maryland	$ 100,000
Wheeler T. Timbs	Trustee	Fidelity and Deposit Company of Maryland	$ 100,000
Hulbert Lipe	Trustee	EMC Insurance	$ 100,000
Debbie Woodruff	Trustee	Fidelity and Deposit Company of Maryland	$ 100,000
Glenda Shedd	Trustee	Fidelity and Deposit Company of Maryland	$ 100,000
James T. Sample, Jr.	Trustee	EMC Insurance	$ 100,000
Johnny Phillips	Trustee	EMC Insurance	$ 100,000
Courtney Phillips	Administrator	EMC Insurance	$ 100,000

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
South Sunflower County Hospital
Indianola, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Sunflower County Hospital (the Hospital), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated April 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Metairie, Louisiana
April 15, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
South Sunflower County Hospital
Indianola, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited South Sunflower County Hospital's (the Hospital) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Hospital's major federal program for the year ended September 30, 2023. The Hospital's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Hospital's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Hospital's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hospital's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hospital's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weakness or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Metairie, Louisiana
April 15, 2024

South Sunflower County Hospital
Indianola, Mississippi
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Entity No.	Amounts Through To Subrecipients Provided	Federal Expenditures
U.S. Department of Health and Human Services				
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	NA	$ -	$ 1,640,020
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697	NA	-	138,060
Total U.S. Department of Health and Human Services				1,778,080
Total Expenditures of Federal Awards			$ -	**$ 1,778,080**

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) represents federal grant activity of the Hospital under programs of the federal government for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Hospital.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

For assistance listing number 93.498 COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distributions (PRF) amounts reported in the Schedule represent PRF funds received by the Hospital during the period July 1, 2021 to June 30, 2022 that were required to be used by June 30, 2023 and that were reported in the PRF portal for the reporting time period ended September 30, 2023.

Loan / Loan Guarantee Outstanding Balances

The Hospital did not have any loan or loan guarantee outstanding balances for the year ended September 30, 2023.

Note 3: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% *de minimis* indirect cost rate. For the year ended September 30, 2023, the Hospital did not elect to use this rate.

Note 4: NONCASH ASSISTANCE

The Hospital did not receive any federal noncash assistance for the year ended September 30, 2023.

Note 5: RECONCILIATION OF FEDERAL COVID-19 FUNDING TO EXPENDITURES OF FEDERAL AWARDS

The reporting period for PRF differs from the fiscal year end of the Hospital. Below is a reconciliation of the schedule of expenditures of federal awards to the federal Covid-19 funding as presented on the statement of revenue, expenses, and changes in net position.

Note 5: RECONCILIATION OF FEDERAL COVID-19 FUNDING TO EXPENDITURES OF FEDERAL AWARDS (Continued)

Reconciliation of the schedule of expenditures of federal awards to the federal Covid-19 funding

For the year ended September 30, 2023	
Federal Covid-19 funding - September 30, 2022	$ 1,614,810
Federal Covid-19 funding - September 30, 2023	138,060
Interest recognized as investment income	4,460
Questioned Cost - returned funds 2022	20,750
Total federal expenditures	$ 1,778,080

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
   a. Material weakness(es) identified? None
   b. Significant deficiency(ies) identified? None noted
   c. Noncompliance material to financial statements noted? None

Federal Awards

1. Type of auditor's report issued on compliance for major federal programs: Unmodified
2. Internal control over major federal programs:
   a. Material weakness(es) identified? None
   b. Significant deficiency(ies) identified? None noted
3. Any audit findings disclosed that are required to be report in accordance with 2 CFR 200.516(a)? None noted
4. Identification of major programs:

Assistance Listing Number	Federal Program
93.498	COVID-19 Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution

5. Dollar threshold used to distinguish between type A and B programs: $750,000
6. Auditee qualified as a low-risk auditee for federal purposes? No

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV: PRIOR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD FINDINGS

None noted.